

DD/S-59-5135

COR-0707  
Copy 3 of 7

16 December 1959

MEMORANDUM FOR : Deputy Director (Support)  
SUBJECT : Advance Payment to Lockheed Aircraft  
Corporation, Contract [REDACTED]  
Project CORONA

25X1

1. The DDP-1D/P entered into a contract, [REDACTED] with the Missile System Division of Lockheed Aircraft Corporation for the procurement of a Satellite Reconnaissance System. The terms of this contract provided for an advance payment of [REDACTED]. Your approval of this advance was granted in Determination and Findings, dated 31 July 1958 (COR-0006).

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2. DDP-1D/P has subsequently entered into the subject contract for a follow-on procurement of additional items. However, because of technical difficulties in the system a schedule stretch out under both contracts has occurred and the Contractor has not been able to bill for the first units as originally contemplated. Accordingly, financing of the follow-on contract from profits on the first is not possible.

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3. The Contractor has requested that the advance of [REDACTED] be liquidated under the first Contract [REDACTED] and authorized under the follow-on Contract [REDACTED]. This, in effect, authorizes the Contractor to use the advance to finance the second contract and permits the billing of additional progress payments under the first contract.

4. As set forth in the attached Findings and Determination, security prevents the Contractor from soliciting funds from public or private sources. Accordingly, it is recommended that the attached Findings and Determination be approved.

SIGNED

Colonel, USAF  
Acting Chief, DDP-1D/P

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ATTACHMENT  
Findings and Determination

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DDP-1D/P: [REDACTED] pr

Distribution:

1 - Contr/JL-1922 1 - A/CH/DDP

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✓ 1 - DD/S E. O. subj file 1 - Chrono, COR

1 - Security/DDP 1 - DD/S chrono reference; 1 - DD/S subject reference

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SECRET

608-0710  
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16 December 1959

GENERAL INTELLIGENCE AGENCY  
INVESTIGATIONS AND INSPECTIONS

AUTORIZATION FOR ADVANCE PAYMENTS

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The Central Intelligence Agency has entered into Contract [REDACTED] with the Lockheed Aircraft Corporation, Missile Systems Division, Sunnyvale, California, at a total cost estimated to be approximately [REDACTED] and under such contract proposes to make advance payments. I hereby find and determine:

a. That the Lockheed Aircraft Corporation cannot finance performance of Contract [REDACTED] with its own resources and cannot secure adequate financing through private sources without breaking security restrictions imposed on the Contractor by the Agency;

b. That the Contractor shall not be required to pay interest on such advance payments for the reason that such payment would not be required were it not for reasons of security;

c. That no other Contractor which did not require advance payments in order to furnish the desired supplies and services was considered for this follow-on procurement because of the substantial investment the Government has previously made for facilities and tools with the Contractor for the initial order under Contract No. [REDACTED]

d. That adequate funds are available for this procurement;

e. That the proposed provision for advance payments is in the interest of national defense, and is necessary and appropriate in order to secure the required supplies and services under the contract;

f. That the amount of the proposed advance is predicated upon use of the Contractor's own working capital to the extent possible and is based upon an analysis of the cash flow required under the contract.

Upon the determination and findings set forth above, as prescribed by the Armed Services Procurement Regulations and as

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authorized by the Central Intelligence Agency Act of 1949, Public Law 110, 81st Congress, I hereby recommend the making of advance payments in connection with this procurement, subject to the following provisions:

a. That such advance payments do not exceed [redacted] at any one time unliquidated. 25X1A

b. That interest on such advance payments be waived by the Government.

c. That such contract shall provide for a lien in favor of the Government upon the supplies contracted for and upon materials and other Government property acquired for performance of the contract to the extent that the Government does not obtain title thereto under other terms of the contract.

APPROVED:

(signed) H. Gates Lloyd 23 DEC 1959  
Acting Deputy Director (Support)

RECOMMENDED BY:

S/ [redacted] D [redacted]  
GENERAL COUNSEL

SIGNED  
DEPUTY DIRECTOR (PLANS)

\* To make absolutely clear findings a. and b., it should be noted that the company has adequate resources of its own to finance this work but it could not do so without informing a considerable number of uncleared personnel as to the nature of the project. This our security restrictions will not permit. There is, therefore, justification for waiving interest on our advance payments.

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DPD-DD/P [redacted] pf

Distribution:

- 1 - [redacted] /DPD
- 1 - Contr/DPD (JL-1922)
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DD/S						30 Dec.	

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